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SUBJECT: THE SECRETARY'S SEPTEMBER 26 MEETING WITH
INDONESIAN VICE PRESIDENT KALLA

¶1. (U) Classified by: EAP Acting A/S Kathleen Stephens,
Reasons 1.4 (b) and (d).

¶2. (U) September 26, 2006; 1:45 p.m.; Washington, DC.

¶3. (U) Participants:

U.S.
The Secretary
Ambassador Lynn Pascoe, Embassy Jakarta
EAP A/S Christopher Hill
PA A/S Sean McCormack
Steve Beecroft (S Staff)
Ethan Glick (EAP/MTS, notetaker)

INDONESIA
Vice President Jusuf Kalla
Foreign Minister Hassan Wirajuda
Ambassador Sudjadnan Parnohadiningrat

Trade Minister Mari Pangestu
Vice President's Secretary Bapak Prijono

¶4. (C) Summary. The Secretary urged conclusion of a Millenium Challenge threshold agreement in time for the potential visit by the President in November. She praised Kalla's personal involvement in concluding the Aceh peace deal, which Kalla said was holding successfully. Kalla was pleased that peace in Aceh had freed military resources so Indonesia could play an expanded role in international peacekeeping. FM Wirajuda confirmed the UN had asked Indonesia to delay its contribution to Lebanon peacekeeping until next month. The Secretary expressed satisfaction with growing bilateral military ties and pushed for expanded IMET participation. She asked about the progress of the East Timor Truth and Reconciliation Commission and for Kalla's assessment of the situation in East Timor. Kalla saw promise in East Timor's energy projects with Australia to stimulate the economy and "solve it fast." Wirajuda said the East Timor unrest had surprised Jakarta, but Kalla pronounced it similar to the strife Indonesia had experienced following independence between guerrillas and "educated" officers. Wirajuda said the mandate of the Truth and Reconciliation Commission had been extended for a year and hearings would take place in the coming weeks. The Secretary made the case for Guatemala over Venezuela on the UN Security Council. Kalla agreed the UNSC required serious members in order to take the strong decisions required of it, with Wirajuda adding that Indonesia has an understanding with Guatemala. The Secretary and Kalla concluded with a discussion of countering extremist ideology. End Summary.

Economic Development

¶5. (C) The Secretary expressed hope that Indonseia would be able to conclude a Millenium Challenge Account (MCA) Threshold Program before President Bush's possible visit to Indonesia in November. The MCA was one of the President's signature programs and Indonesia's participation would be a testament to the progress the country has made in meeting good governance standards. Ambassador Pascoe noted that he was actively seeking approval to devote MCA funds to

furthering anti-corruption efforts and infectious disease inoculations.

¶16. (C) Vice President Kalla said economic development in Indonesia was one of his most important priorities. He was devoting most of his time in the United States to encouraging investment and import/export opportunities. He said he was having a series of meetings while here and pronounced American business optimistic about Indonesia's prospects. Having stabilized its political situation, Indonesia now wanted to focus on creating more economic opportunities for its people. Only with more intensive economic development could Indonesia sustain its progress.

Aceh Peace

¶17. (C) The Secretary praised Kalla's personal involvement in bringing about a peace deal in Aceh, noting that no one had thought anything good would come out of the tsunami. Kalla said the deal was holding successfully and pointed to the implementation of laws last month in accordance with the deal. He looked forward to the local elections in December and said people in the region were happy with the progress. The tsunami had been instrumental in creating the climate necessary to make peace. Kalla recounted some of the milestones in the peace process and said it should serve as a model for how to solve conflicts.

Military Relationship/Reform

¶18. (C) Kalla said peace in Aceh meant that for the first time in thirty years the Indonesian military was not conducting operations inside the country. The Secretary repeated her admiration for the progress Indonesia's military had made and said the United States values our military-to-military ties. She looked forward to expanding our International Military Education Training (IMET) program with Indonesia and said the United States will be a good and reliable partner for Indonesia as reform goes forward in modernization and in consolidating civilian control. Kalla said Indonesia highly values the IMET program for the opportunities it creates for Indonesian officers. The Secretary says she often uses the example of President Yudhoyono, a past program participant, to illustrate its value.

UNIFIL Contribution

¶19. (C) The Secretary asked Kalla when Indonesia would be sending its troops to the UNIFIL mission in Lebanon. FM Wirajuda responded that the intent was to send the contingent next week, but the UN had asked the GOI to delay until next month. Kalla added that Indonesia was proud of its role in international peacekeeping, noting its long-standing contribution to the UN Sinai mission.

East Timor: Crisis and Accountability

¶10. (C) The Secretary asked for Kalla's views on recent unrest in East Timor and about the progress of the Truth and Reconciliation Commission for 1999 crimes. Wirajuda said the unrest in East Timor had surprised Jakarta. Kalla suggested that the strife was similar to the period following Indonesia's own independence, when guerrilla groups came into conflict with the "educated" elite class of military officers. Indonesians had been following events closely and pointed out that Ramos-Horta came many times to Jakarta throughout the period of turmoil. Kalla thought that economic cooperation with Australia in the oil and gas sector held the promise to "solve it fast."

¶11. (C) Wirajuda said the mandate of the Truth and Reconciliation Commission had been extended for another year. In the coming weeks, the Commission would hold

hearings on alleged human rights violations in 1999. He assessed that the Commission members knew well what they needed to do and were optimistic about making progress in their work.

Guatemala v. Venezuela

¶12. (C) The Secretary laid out the case for supporting Guatemala over Venezuela for non-permanent Security Council membership. She said that if the world had any doubts about whether Venezuela was a problem, Chavez's recent UNGA speech erased them. While the United States has had a long-term productive relationship with Venezuela, now we are unable to work together. The Secretary pointed to the numerous issues in the past year alone that had required strong UNSC responses, including North Korea, Iran, Lebanon, Darfur, and the Middle East. She said the UNSC is a serious body that we do not want to become unworkable. She asked Kalla to consider the implications of having Venezuela on the Council.

¶13. (C) Kalla replied that he appreciated hearing the Secretary's views. Indonesia agrees it is important that the Security Council be effective and able to take decisive action. Wirajuda added that Indonesia had come to an "understanding" with Guatemala. Ambassador Pascoe noted that Indonesia also embodied the model of a responsible, potential UNSC member.

Encouraging Moderate Islam

¶14. (C) The Secretary concluded by praising Indonesia's active role in countering extremist ideology. Kalla replied that there are moderates and radicals everywhere, including in Indonesia. Conflict, he said, is what gives extremism the fertile ground to develop, pointing to Indonesia's experiences in Aceh, Sulawesi, and elsewhere. He said it was obvious that people needed greater educational and economic opportunities in order to not be attracted to extremist ideology. Jakarta was working hard to improve education, to reduce the gap between opportunities at the national and the village levels. The Secretary praised these efforts and said Indonesia has the advantage of being a democracy, where people have moderate, political routes to solving problems. She recounted her visit to a madrassa in Indonesia where modern education easily coexisted with fidelity to Islam. She thanked the Vice President for Indonesia's efforts and said moderation must come from within the Muslim world. Kalla said people must know they have a way to improve their lives.

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